**Loans taken by States from Centre**

2763. SHRI RAHASBIHARI BARIK: Will the Minister of FINANCE be pleased to state:

(a) the total amount of loan taken by different State Governments from the Central Government as on 31st March, 1994;

(b) whether some State Government's are not able to repay the loan to the Centre; and

(c) if so, the details of steps taken to write off the loan due on those State Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) A statement is enclosed *(see* below)

(b) All the amounts of loans outstanding against the State Governments are to be paid by them over a number of years as per the terms and conditions of these loans. The amount of loan alongwith interest payable by the State Governments during any particular year is taken into account while making an assessment of the States' resources for financing their Annual Plans approved by the Planning Commission. The States normally do not have difficulty in repaying their loans to the Centre, but a few States have had some difficulty in this regard in exceptional cases. In case repayment of these loans or any part thereof is postponed or written off, it adversely affects the Centre's ability to provide Central assistance to the State Governments for their Annual Plans in a timely manner.. Such postponement or writing off also comes in way of Centre's objective of controlling fiscal and budgetary deficit.

However one of the terms of reference of the 10th Finance Commission states that the Commission may make an assessment of the debt position of the States as on 31.3.1994, and suggest such corrective measures as are deemed necessary also keeping in view the financial requirements of the Centre. The State Governments have taken up their cases with the 10th Finance Commission for relief in their debts.

(c) Writing off of States' loans to the Centre has not been contemplated as the repayments are considered as a part of the Centre's receipts. This is so because writing off of loans would reduce the capacity of the Centre to give Central assistance to the State Governments for their Annual Plans in a timely manner and would also substantially increase Centre's fiscal and budgetary deficit.

**Statement**

*Amounts of Central loans (pertaining to Ministry of Finance) outstanding against the State Governments as on* 31.3.1994

(Rs. in crores)

| States | Amount |
|---|---|
| 1. Andhra Pradesh | 6979.66 |
| 2. Arunachal Pradesh | 141.36 |
| 3. Assam | 3115.73 |
| 4.Bihar | 7120.64 |
| 5. Goa | 679.49 |
| 6. Gujarat | 6958.12 |
| 7. Haryana | 2190.72 |
| 8. Himachal Pradesh | 978.10 |
| 9. J& K | 2467.06 |
| 10. Karnataka | 4284.60 |
| 11. Kerala | 3052.74 |
| 12. Madhya Pradesh | 4625.57 |
| 13. Maharashtra | 10935.35 |
| 14. Manipur | 161.49 |
| 15. Meghalaya | 180.00 |
| 16. Mizoram | 94.28 |
| 17. Nagaland | 192.96 |
| 18. Orissa | 3266.49 |
| 19. Punjab | 8393.14 |
| 20. Rajasthan | 4605.32 |
| 21. Sikkim | 94.04 |
| 22. Tamil Nadu | 5430.61 |
| 23. Tripura | 282.56 |
| 24. Uttar Pradesh | 14334.45 |
| 25. West Bengal | 7860.42 |
| Total | 98424.90 |